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SUBJECT: NARAYANAN SAYS INDIA SEEKS 123 LANGUAGE IN IAEA  
TEXT

Classified By: Ambassador David Mulford for Reasons 1.4 (B and D)

11. (C) Summary: National Security Advisor M.K. Narayanan told the Ambassador February 4 that the Indian team negotiating the safeguards agreement has stayed within the bounds of the 123 Agreement. While he admitted that the Indian side has sought to include the 123 language in the operational safeguards text, Narayanan recognized that the IAEA and the U.S. would take issue with substantial changes to the safeguards template. If the Indian team relented and accepted the language on fuel supply assurance in the preamble, Narayanan outlined, it would also seek a linkage between the preamble and the operational text. Narayanan also related that during the last round of talks, the IAEA backtracked on settled points, and several people have cited pressure from recalcitrant U.S. personnel. Narayanan also let slip that India would likely restart IAEA talks on February 10 or 11, which his assistant quickly corrected as "not yet determined." End Summary.

Ambassador Presses Narayanan to Stay Within 123 Bounds

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12. (C) In a February 4 meeting with National Security Advisor M.K. Narayanan, the Ambassador underlined that the U.S. has respected India's domestic political process, but the aggressive Indian approach to the IAEA safeguards talks has caused frustration and confusion. The Ambassador related that the Indian negotiating team appears to have pushed for substantive changes to a template agreement that would generate a precedent that could harm the global safeguards regime. IAEA negotiators, he continued, have expressed doubt that the team, particularly Narayanan's former assistant Venkatesh Verma, even wants to conclude an agreement. He also cautioned that India should not rely on the U.S. to push an over-reaching safeguards agreement through the IAEA Board of Governors (BOG). The Ambassador stressed that India had better act quickly to complete the agreement.

Narayanan Seeks Linkage Between Preamble and Operational Text

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13. (C) Narayanan replied that he and the Ambassador "were on the same wavelength" because India "has no intention of pushing beyond the 123." He recognized the problem of substantively revising the INFCIRC 66 template to fit India's political needs; "we're sensitive to that requirement," he claimed. While he acknowledged that India would eventually accept the 123 language in the preamble, he admitted that the negotiators have sought to put as much 123 text as possible

in the operational safeguards text in order to gain political leverage when the agreement returns to Delhi for consideration. In particular, India would like to see the fuel supply assurances language "at minimum in the preamble," but was still "trying to see how much we could put in the text." He defended Verma as exceptionally skilled at drafting language that "says many things to many people."

¶4. (C) Because the IAEA has insisted on inserting the 123 text in the preamble, the Indian side has in turn sought to strengthen the linkage between the preamble and the operational language. "We are wordsmithing to make it seem as if we had not altered the template more than necessary," he commented. "The preamble should be as clear as the separation plan and 123 Agreement, and the link firm between the preamble and the operational text," he asserted. The IAEA safeguards agreement would then allow the Indian government continue to de-emphasize the U.S. aspect of the civil nuclear initiative, and tell the Left "we have got the stamp of approval from an international agency." The agreement should "not let a small recalcitrant domestic element have something to try to trip us," he averred.

Did IAEA Backslide Because of U.S.?

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¶5. (C) During the last round of talks, Narayanan recounted, the Indian side had a feeling of "slideback" after having "more or less reached a modus operandi on issues." The team got the impression that the backsliding had occurred because "the U.S. put pressure on IAEA negotiators not to concede," but, Narayanan offered, he found it difficult to believe that the U.S. would do such a thing. However, he alluded, like

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India, the U.S. Administration includes "elements" that have other views on this initiative, but he believed that both countries continue to implement the initiative from the top down.

Next Round Scheduled for February 10-11 -- Or Maybe Not

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¶6. (C) The Ambassador recalled that India and the U.S. concluded the 123 Agreement only when Narayanan and Foreign Secretary Menon traveled to Washington, and asked if he

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expected to go to Vienna for the next round. Narayanan replied that he would wait for the results of the next round, which he divulged would take place February 10 or 11, although his assistant Virendar Paul quickly corrected him that the dates "are not fixed yet." The Ambassador asked if the government could quickly convene the UPA-Left committee to consider the safeguards agreement. Narayanan claimed that the government could schedule a meeting as quickly as 24 hours after concluding the agreement. He also relayed that he has requested Menon to encourage Under Secretary Burns to urge the IAEA to accept language that adheres to the 123 Agreement.

Iran Pipeline Invitation Still Outstanding

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¶7. (C) The Ambassador warned that news reports about India accepting an invitation to participate in tripartite talks on the Iran-Pakistan-India (IPI) pipeline would further complicate the effort to gain support from the U.S. Congress for the nuclear initiative. Narayanan acknowledged that Minister of Petroleum Murli Deora has received an invitation, but he said that Deora has not yet accepted. "We recognize the sensitivity," he assured.

Comment: Linkage Between Preamble and Operational Text?

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18. (C) While Narayanan has confessed that India has indeed tried to insert 123 text into the operative safeguards agreement, he is resigned to inserting the necessary language in the preamble, provided that the Indians can demonstrate a linkage between the preamble and the agreement itself. In effect, they want a semi-operational preamble that would make this safeguards agreement unique to India, answering the Left's concerns that the IAEA would consider India as just another non-nuclear weapons state. While Narayanan agreed in one breath that the template of the agreement should not be transformed, in the next breath he sought a linkage which could compromise the template and set an unhelpful precedent.

The Indians hope that Director General El Baradei will resolve this paradox by finding a middle-ground that preserves the IAEA safeguards regime and satisfies the political demands set by the Left.

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